

# **REQUEST FOR INFORMATION**

## **Regarding the Development of Air Rights At the Rosslyn and East Falls Church Metro Station Areas**

**RFI Issuance Date: June 28, 2013**  
**RFI Closing Date: September 30, 2013**

### **1. Introduction**

The Office of Transportation Public Private Partnerships (“OTP3”) and the Virginia Department of Transportation (“VDOT”), in coordination with the Virginia Department of Rail and Public Transportation (“VDRPT”) and the Washington Metropolitan Area Transit Authority (“WMATA”) (collectively the “Parties”) are issuing this Request for Information (“RFI”) to solicit responses to questions presented herein regarding Air Rights development projects. The two sites at which specific projects (the “Projects”) are currently being explored are in the Rosslyn and East Falls Church Metro station areas along I-66 in Arlington County. The Parties are seeking information that will help confirm and/or refine assumptions related to the planning, procurement, and potential transaction structuring of the Projects. The Parties are also coordinating closely with Arlington County representatives relating to land use for the Projects.

This RFI is intended to solicit responses from firms that have experience in developing large-scale real estate development projects, especially involving development of Air Rights over active highway and transit corridors. It is anticipated that responses will be provided by firms that are interested in designing, building, financing and operating and/or maintaining mixed-use development at one or both of the targeted sites.

This RFI is a unique opportunity for the Parties to identify potential private sector interest and innovation in the delivery of the Projects. Specifically, the RFI:

- Provides general background information related to the Projects;
- Communicates the goals and objectives for development of the Projects; and
- Solicits input from industry on a variety of issues, including viability and feasibility, scope, location and phasing of the proposed Projects, and the conveyance methods that may have the greatest potential to satisfy the overall goals and objectives for the Projects.

This RFI does not constitute a Request for Qualifications (“RFQ”), a Request for Proposals (“RFP”), or other solicitation, nor does it constitute the commencement of any other type of formal procurement process for the Projects. Responding to this RFI is not a prerequisite to participating in a future procurement process.

Moreover, this RFI does not represent a commitment by the OTP3, VDOT or other entities to issue an RFQ or an RFP for the Projects in the future. Therefore, those choosing to respond to this RFI will not, merely by virtue of submitting such a response, be deemed to be “bidders” on the Projects in any sense, and no such respondent will have any preference, special designation, advantage or disadvantage whatsoever in any subsequent procurement process related to the Projects, if advanced to procurement.

### **2. Project Background**

## **The Project**

“Air Rights” is a legal term used, for this purpose, in transportation terminology to describe the area above the upper horizontal plane of a transportation facility located within the right-of-way boundaries. The right to use this area by public or private parties for interim non-highway uses may be granted in airspace leases as long as it will not interfere with the construction, operation and maintenance of the facility, anticipated future transportation needs, or the safety and security of the facility for both highway and non-highway users (23 CFR 710.405). Private or public uses of airspace may occur as long as the protection and preservation of the highway capacity is maintained.

The Commonwealth may receive revenues from Air Rights leases and use it for Title 23 (transportation) eligible projects (23 CFR 710.403). The Air Rights leases may provide a revenue stream to directly fund transportation projects, and free up other funding resources for additional projects. One example of successful Air Rights leases is from the Massachusetts Department of Transportation, where revenues generated from Commonwealth transportation properties and leases accounted for \$40 million in FY 2011 with future lease income of \$868 million.

[http://www.massdot.state.ma.us/portals/0/docs/InfoCenter/boards\\_committees/finance\\_committee/supplementarySchedules\\_063011.pdf](http://www.massdot.state.ma.us/portals/0/docs/InfoCenter/boards_committees/finance_committee/supplementarySchedules_063011.pdf); Page 38, (8)(b)

Air Rights developments for mixed-use projects have historically been successful in dense metropolitan areas, where shortages of developable land have forced developers to look to the areas over railroads and thoroughfares to create new ‘land’ for development. Building on that premise, OTP3 analyzed several potential sites in high density areas as well as areas around or near transit centers in Northern Virginia, particularly in Tysons Corner, Fairfax and inside the Capital Beltway on Interstate 66 (“I-66”). As a result, the Rosslyn and East Falls Church sites were identified as potential Air Rights development projects.

While no zoning currently exists for air rights development over the I-66 right-of-way in Arlington, Virginia, the expression of interest would lead the Commonwealth of Virginia to work with Arlington County to determine how to appropriately revise planning for the Rosslyn and the East Falls Church Station areas to include such development potential.

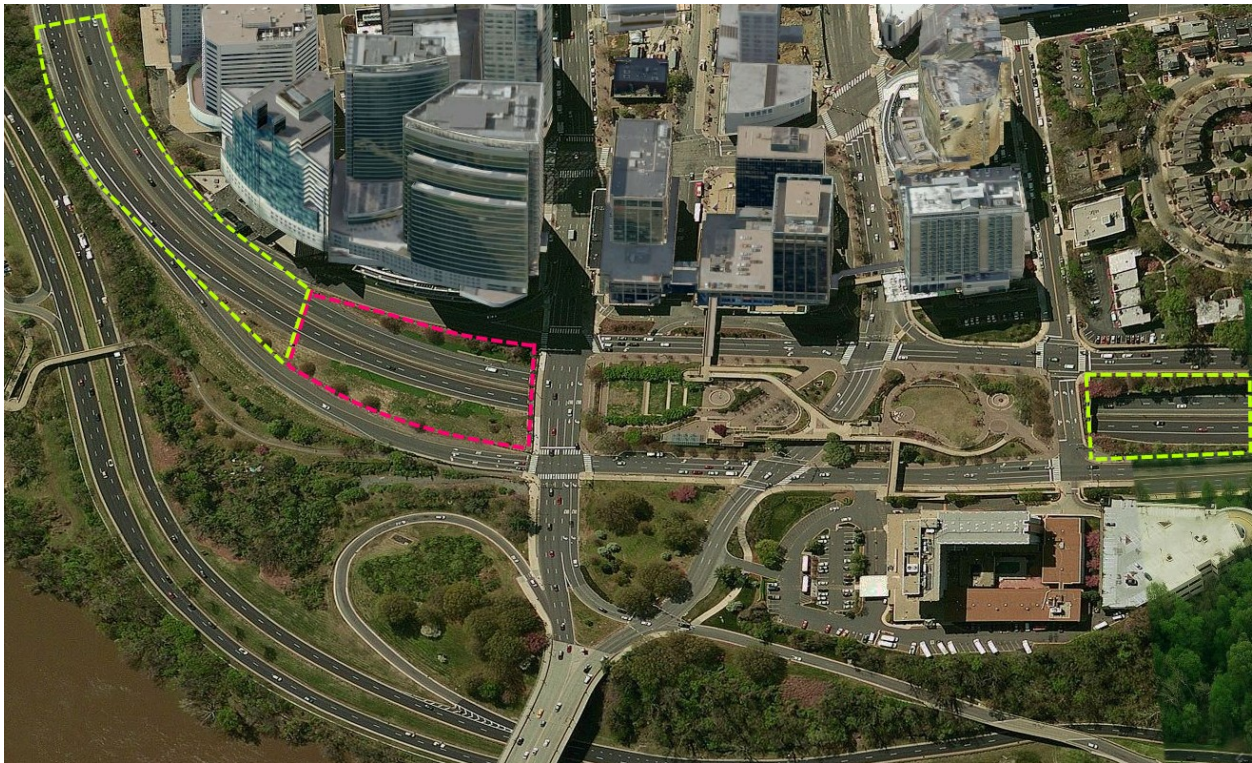
### 3. Site Information

OTP3 has identified two potential project sites for Air Rights development.

#### Site 1: Rosslyn

The prospective Rosslyn development area boasts a prominent location adjacent to Rosslyn, the George Washington Memorial Parkway, I-66, the Key Bridge, and overlooking Georgetown and the District of Columbia. A potential development may consist of office space, retail and residential or other uses, including parkland, as defined by market demand in the local area and consistent with planning and zoning requirements. The development may enhance connectivity to pedestrian pathways and bike trails to enhance access to the Mount Vernon Trail, Potomac Heritage Trail, and Theodore Roosevelt Island. Development of this site would eventually be coordinated with Arlington County's *Realize Rosslyn* plans for this area.

*Site 1: Rosslyn – Aerial View of Prospective Sites for Development (Exact boundaries to be determined)*



Source: Bing

**BLACK DASHED FILL:** Prospective Rosslyn Air Rights site

**WHITE DASHED FILL:** Other areas of potential air rights over I-66

#### *Site Location and Description*

The prospective Rosslyn site identified by OTP3 for Air Rights development lies over I-66, directly to the east of the North Lynn Street overpass, and bounded to the north and south by the westbound and

eastbound I-66 ramps to and from N. Lynn Street, respectively. This site has **BLACK DASH FILL** above. Other areas of VDOT right-of-way and air rights have **WHITE DASHED FILL**, including the adjacent Arlington Gateway Park, which is constructed over I-66.

The dimensions and borders of the exact area to be explored for potential development are to be determined. Respondents to this RFI should comment on the optimal sizing and configuration of a potential Air Rights platform – whether in the outlined areas or elsewhere along I-66 in Rosslyn. An aerial photo of the prospective site is provided above. For reference, the OTP3-identified area measures approximately 65,000 square feet, and includes land area not currently utilized as highway on both the north and south sides of I-66.

Potential development of air rights should be coordinated and structured so as to not impact the current or future operation of the highway, and should not preclude future plans for expansion of the highway in either direction. Additionally, any proposed development should comply with federal agencies requirements for safety, and security of the transportation facility for both highway and non-highway users and would not interfere with the operation and maintenance of the facility. Further, any such use of airspace above the Interstate is subject to FHWA approval.

#### *Site Ownership*

The prospective Rosslyn site as outlined above is assumed to be within the right-of-way and owned by the Commonwealth.

#### *Zoning*

As the site has never been considered for development, current zoning for the site is established as “S-3A” Special Districts, which matches the zoning of adjacent land also within the I-66 and George Washington Memorial Parkway rights-of-way.

Adjacent developed areas of Rosslyn are zoned C-O and “C-O Rosslyn”. The “C-O Rosslyn” classification encourages mixed-use development of office, retail and service commercial, hotel and multiple-family dwelling uses within the Rosslyn Metro Station Area and the area designated as the “Rosslyn Coordinated Redevelopment District” on the Arlington County General Land Use Plan.

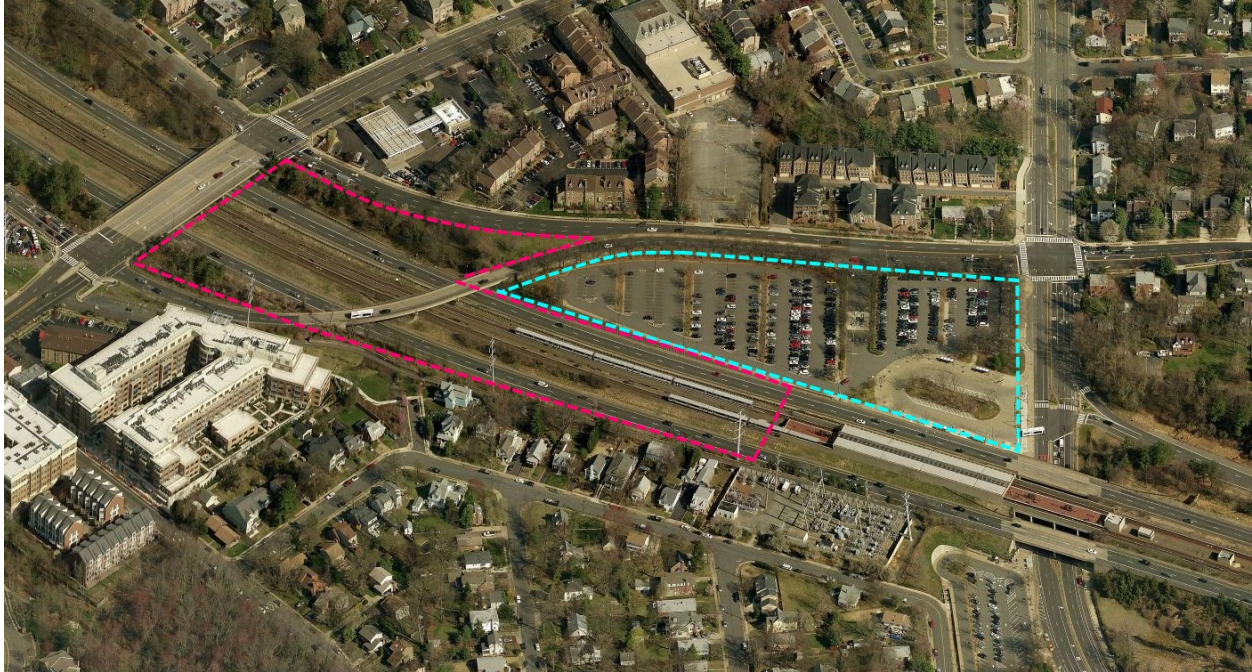
The current version of the adopted planning framework for Arlington County does not yet envision any development above I-66 in Rosslyn. The County is currently undertaking a review of the Rosslyn Sector Plan to update the planning vision for Rosslyn’s core. As part of that process, the community could evaluate opportunities and develop a vision that may include development over I-66 in the northern and eastern edges of the Rosslyn Metro Station area. If the County’s updated vision for Rosslyn expressed through the Sector Plan update ultimately includes development over I-66, the plan may also identify recommended amendments to the zoning for the site that would be necessary to implement the vision. More information on the County’s planning effort to update the Rosslyn Sector Plan is available here: [www.arlingtonva.us/rosslyn](http://www.arlingtonva.us/rosslyn)

## **Site 2: East Falls Church**

A second site is being considered for development at the East Falls Church Metro station. This site differs significantly from the Rosslyn site in both surrounding character and the potential availability of significant adjacent land area for redevelopment. A potential development may consist of residential, retail, office or other uses, including parkland, as defined by market demand in the local area and consistent with planning and zoning requirements. A development may serve to enhance connectivity over I-66, and may improve access to the East Falls Church Metro station. Development of this site would be coordinated with Arlington County’s redevelopment plans for this area.



*Site 2: East Falls Church – Prospective Sites for Development (Exact boundaries to be determined)*



Source: Bing

**WHITE DASHED FILL:** Prospective East Falls Church air rights area

**BLACK DASHED FILL:** Metro parking lot and bus loop area

*Site Location and Description*

The prospective East Falls Church development site consists of two components: an Air Rights development area (potential areas shown in **WHITE DASHED FILL** above) and a land development area on the site of the current Metro parking lots and bus loop (shown in **BLACK DASHED FILL** above). The sites are roughly bounded by I-66 to the south, Route 29 (Lee Highway) to the west, Washington Boulevard to the north, and North Sycamore Street to the east.

Any development of either component must be such that there are no impacts to Metro service to and through the East Falls Church station. Any development of the Metro parking lots would need to consider the replacement of existing parking spaces and bus infrastructure. Potential development of air rights should be coordinated and structured so as to not impact the current or future operation of the highway, and should not preclude future plans for expansion of the highway in either direction.

Development should seek to incorporate station access enhancements to improve connectivity to the Metro station, especially to the west, and the surrounding community. Construction adjacent to or spanning the Metro facilities or tracks would be required to follow the guidelines set forth in Metro's Adjacent Construction Project Manual (available on WMATA's website, [www.wmata.com](http://www.wmata.com), click on "Business with Metro" and scroll down to "Adjacent Construction Program").

Additionally, any proposed development should comply with federal agencies requirements for safety, and security of the transportation facility for both highway and non-highway users and would not interfere with the operation and maintenance of the facility. Further, any such use of airspace above the

Interstate is subject to FHWA approval.

The Air Rights component of the East Falls Church site, as indicated by the pink dotted outline above, is a large area that could be made available for Air Rights development. This area includes the area east of the Route 29 overpass and includes the ramp from Route 29 to eastbound Washington Boulevard. The prospective Air Rights development area also spans the Metro tracks in the I-66 median. Any portion of this area could be considered for Air Rights development.

The Metro parking area component of the East Falls Church site, as indicated by the blue dotted outline above, is approximately 5.3 acres of land and currently houses a bus loop and 422 all-day and 33 short-term parking spaces for Metro passenger use. Development of this land area would require the innovative replacement of the Metro parking spaces and any other infrastructure displaced, such as the existing bus loop, with a goal of improving or expanding those operations.

#### *Site Ownership*

The Air Rights at this site over I-66 are owned by the Commonwealth. WMATA operates the Metro station and trackage via an easement from the Commonwealth. The southwest portion of the parking area is owned by VDOT and operated by WMATA via an easement, while the northeast portion is owned by WMATA.

#### *Zoning*

As the sites have never been considered for development, current zoning for the Air Rights development area and the Metro Parking Area site is “S-3A” Special Districts, which matches adjacent areas of the I-66 right of way in Arlington County.

Arlington County has adopted an East Falls Church Area Plan in 2011. The Plan establishes potential future zoning and land use considerations in the land development area. The Plan does not envision development over the I-66 right-of-way (air rights development area); for which additional study will be needed to determine if the plan for that area should be revised to include development. The East Falls Church Area Plan is found here:

<http://www.arlingtonva.us/departments/CPHD/forums/eastfallschurch.aspx>

#### **Status of Project Studies and Approvals**

No National Environmental Policy Act (NEPA) approval has been requested from the Federal Highway Administration (FHWA); engineering or traffic impact studies have not been performed for either the Rosslyn site or the East Falls Church site.

OTP3 completed the PPTA [High-level Project Screening](#) in March 2013. The Commissioner of VDOT directed OTP3 to conduct the PPTA [Detail-level Project Screening](#). OTP3 completed the PPTA Detail-level Project Screening in June 2013. OTP3 recommended that VDOT advance the Project in accordance with §33.1-186.1 of Code of Virginia and that an RFI should be issued to obtain industry input on potential risks and opportunities for private sector involvement in development of the Projects. On June 21, 2013, the PPTA Steering Committee concurred that exploring procurement opportunities under the Virginia Public-Procurement Act (VPPA) would be most advantageous

#### **4. Instructions for Respondents**

The questions to which the Parties are seeking responsive information are set forth below in Section 5. There is no page limit to responses except as provided in Section 7 of this document (see page 12). Respondents should be as concise as possible. Responses should demonstrate an understanding of, and express clearly the respondent's perspective on a given question or issue. However, a respondent need not feel compelled to provide a response to each item, or respond with information regarding both potential sites.

**The OTP3 is not requesting a detailed proposal, detailed plans, general marketing materials, budgetary information or proprietary information in response to this RFI.**

Respondents should submit their responses as follows:

- a. An **electronic version** of the written response (in searchable .pdf format) must be sent via e-mail to Sam Beydoun at [Sam.Beydoun@vdot.virginia.gov](mailto:Sam.Beydoun@vdot.virginia.gov)

Responses shall be submitted by **September 30, 2013**. Responses should include the name and address of the respondent and the phrase "OTP3 Request for Information Response – Air Rights" clearly indicated in the Subject line of the e-mail accompanying the electronic version of the response.

Respondents are advised that responses will be shared among OTP3, VDOT, VDRPT, Arlington County and WMATA as required in section 6 of this document.

#### **Respondent Meetings**

Respondents can request a one-on-one proprietary meeting with the Parties and consultants to discuss the RFI and responses through an email to [Sam.Beydoun@vdot.virginia.gov](mailto:Sam.Beydoun@vdot.virginia.gov).

OTP3 reserves the right to offer and conduct such meetings in the future. The opportunity to participate in such future meetings will be communicated separately to respondents who have provided a point of contact.

OTP3 also intends to host a project briefing to provide interested private sector individuals, companies, or teams an opportunity to hear more about the project and ask questions. Details of the project briefing will be communicated shortly after the issuance of this RFI.

## 5. Information Requested

The Parties are seeking feedback on the Projects and understand that a variety of firms may respond to this RFI. Please answer any or all questions that you deem are relevant to your firm. OTP3 intends to use the information gathered through this RFI in order to help refine assumptions and determine the viability of these projects. OTP3 may follow-up directly with respondents with more detailed questions or to clarify submissions. Thank you in advance for your participation.

**Respondents may choose to comment and provide information regarding the Rosslyn Site, the East Falls Church site, both sites, or other sites along the I-66 corridor.**

### **Point of Contact (mandatory)**

Please provide the name, title, firm, email address, and physical address of your firm's primary point of contact for this Request for Information.

### **Firm Background (mandatory)**

Please provide a short overview of your firm's experience in relevant, comparable development projects with an emphasis on Air Rights development and public-private partnerships for real estate development.

### **General**

1. Please comment on the optimum size of an Air Rights platform and underlying land area to support vertical development, if such size exists. Please indicate how the size of the platform may relate to the building footprint.
2. What due diligence items and studies are required to develop an understanding of the preliminary feasibility of Air Rights platform development? Are detailed engineering studies required to reach this level of understanding?
3. Please describe the preferred transaction structure for Air Rights development at either of the contemplated sites.

### **Rosslyn Site**

#### *Site*

1. Please comment on the viability of the prospective Rosslyn site as identified in this document for Air Rights development.
2. Would an alternative site over I-66 in the Rosslyn area be more viable for Air Rights development?

#### *Feasibility*

1. Please comment on the current technical or financial feasibility of Air Rights development in Rosslyn given the current and projected development pipeline and real estate market conditions. Which product type or types (office, commercial, residential, etc.) are most feasible? Please indicate the scope of development (by use and square footage) that is believed to be feasible.
2. Would development occur in a single phase or in a multi-phased approach?

#### *Value*



1. Please explain the relationship between the value created by vertical development and the potential cost of an Air Rights platform at the Rosslyn site.
2. Please indicate the potential range of values created under a fee simple sale or long-term lease agreement that may be supportable by a feasible Air Rights development using the scope described above at the Rosslyn site.
3. Would public subsidy of any sort likely be required for feasibility of the project in the near term?  
*Note: Assume no public subsidy has been allocated or made available for this project.*

#### *Technical*

1. How would potential future widening of I-66 impact the potential for Air Rights development at Rosslyn?

#### *Risks*

1. What are the key risks to an Air Rights development project at this site? How can such risks be mitigated, shared and/or transferred in an optimal manner?

### **East Falls Church Site**

#### *Site*

1. Please comment on the viability of the prospective East Falls Church site as identified in this document for Air Rights development. Which portion, if any, of the Air Rights development area is the most attractive or viable for development?
2. Is the conventional land development site of the parking area more viable in the near term? Should the land parking area be developed completely separately from the Air Rights? Is some combination of Air Rights and conventional land development viable?

#### *Feasibility*

1. Please comment on the current feasibility of Air Rights development in East Falls Church given the current and projected development pipeline and real estate market conditions. Which product type or types are most feasible? Please indicate the scope of development (by use and square footage) that is believed to be feasible.
2. Please indicate the scope of land development on the parking lot site (by use and square footage) that is believed to be most feasible and financeable on the parking lot area in the current market environment.
3. Would development occur in a single phase or in a multi-phased approach?

#### *Value*

1. Please explain the relationship between the value created by vertical development and the potential cost of an Air Rights platform at the East Falls Church site.
2. Please indicate the potential range of values created under a fee simple sale or long-term lease agreement that may be supportable by a feasible Air Rights development using the scope described above at the East Falls Church Air Rights site.

3. Please indicate the value under a fee simple sale or long-term lease agreement that may be supportable by a conventional land development using the scope described above at the East Falls Church Metro parking site.
4. Would public subsidy of any sort likely be required for feasibility of either the Air Rights or land development project in the near term?

*Note: Assume no public subsidy has been allocated or made available for this project.*

*Technical*

1. How would potential future widening of I-66 impact the potential for Air Rights development at East Falls Church?
2. Metro operations on site or at an alternative site in extremely close proximity must be maintained during construction and permanent replacement facilities must be provided. How would you approach the temporary and permanent replacement of the existing bus loop and Metro parking infrastructure, if displaced?

*Risks*

1. What are the key risks to an Air Rights development project at this site? How can such risks be mitigated, shared and/or transferred in an optimal manner?

## **6. Confidentiality/Freedom of Information Act/Rights Reserved**

The Virginia Freedom of Information Act, § 2.2-3700 the Code of Virginia, guarantees citizens of the Commonwealth and representatives of the media access to public records held by public bodies, public officials, and public employees. All materials submitted by respondent shall be handled in accordance with the Freedom of Information Act and any other laws and regulations applicable to the disclosure of documents submitted under this RFI. In no event shall OTP3, VDOT, DRPT or any of their agents, representatives, consultants, directors, officers or employees be liable to a respondent for the disclosure of any materials or information submitted in response to this RFI.

The OTP3 may disclose the contents of all responses to this RFI, except the parts that may be treated as confidential in accordance with § 2.2-3706 of Freedom of Information Act. Each respondent, by submitting a response to this RFI, consents to such disclosure and expressly waives any right to contest such disclosure under the Freedom of Information Act.

If a respondent has special concerns about information which it desires to make available to OTP3 but which it believes constitutes a trade secret, proprietary information, or other information exempted from disclosure, such respondent shall specifically and conspicuously designate that information by placing “CONFIDENTIAL” in the header or footer of each such page affected, and in a separate letter explain why that material should be exempt from public disclosure. Blanket designations that do not identify the specific information shall not be acceptable and may be cause for OTP3 to treat the entire response as public information. OTP3 will not advise a submitting party as to the nature or content of documents entitled to protection from disclosure under the Freedom of Information Act or other applicable laws, as to the interpretation of such laws, or as to definition of trade secret. The provisions of the Freedom of Information Act or other laws shall control in the event of a conflict between the procedures described above and the applicable law.

In the event of any proceeding or litigation concerning the disclosure of any response or portion thereof, the respondent shall be responsible for otherwise prosecuting or defending any action concerning the materials at its sole expense and risk; provided, however, that OTP3 reserves the right, in its sole discretion, to intervene or participate in the litigation in such manner as it deems necessary or desirable. All costs and fees (including attorneys’ fees and costs) incurred by OTP3 in connection with any litigation, proceeding or request for disclosure shall be reimbursed and paid by the respondent whose response is the subject thereof.

Additionally, WMATA’s standards regarding access to information held by it are set forth in WMATA’s Public Access to Records (“PARP”), available at [www.wmata.com](http://www.wmata.com), click on “About Metro” and scroll down to “Public Records and Reports.”

## **7. Other/General Information**

RFI Issuance Date: June 28, 2013

RFI Closing Date: September 30, 2013

Project Briefing: Date: TBD, Location: TBD

Potential One-on-One meetings: October 2013

Page limits: While there is no page limit to the response to questions in Section 4, any other information, including marketing materials is limited to 3 pages.

Format: Please one complete electronic copy (in a searchable format) of your response to the RFI to the Point of Contact listed below.

## **8. Point of Contact**

All communications, questions and responses associated with this RFI must be addressed to the following point of contact:

Sam Beydoun  
Office of Transportation Public-Private Partnerships  
600 E. Main Street, Suite 2120  
Richmond, VA 23219  
Email: [Sam.Beydoun@vdot.virginia.gov](mailto:Sam.Beydoun@vdot.virginia.gov)  
Phone: 804-786-0482

Respondents are advised that all questions, and their responses, are subject to public disclosure so that all respondents possess the same information.